GROWING OUR INDUSTRY-LEADING POSITION

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EVP & Chief Sales Officer

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AGENDA

Track record and Performance

Trends in the Sector

Commercial Strategy to maintain #1 position

Summary and Q&A
On track to expand market leadership

Order Intake (GW)

Order Backlog (EURbn)

Revenue (EURbn)

Market share

Vestas’ Transfer of Risk (GW), market share* (%)
PRICING AND PROFITABILITY

Price stabilisation mainly driven by higher volumes and better discipline in the industry

Average Selling Price (mEUR/MW) and Vestas EBIT margin (%)

Auction bid levels

Key notes

**Average Selling Price (ASP) and Profitability**

- Historically, stable ASP delivers increased profitability
- Vestas’ YTD ASP at the same level as in Q4 2017
- 2018: Price stability driven by increased overall market volumes and lower profitability in the industry

**Auction bid levels**

- Auction bids have recovered in 2018
- Lower electricity prices from auctions trigger an increase in volume of Corporate PPAs, available through bilateral agreements
- BNEF: 7.2 GW signed until July 2018, compared to 5.4 GW of total in 2017
- Recent auction prices indicating a price floor
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CHANGES IN THE SECTOR’S RISK-REWARD PROFILE

From FiT to Auctions, Corporate PPAs, and Merchant Risk

**MARKET EVOLUTION**

- Predominantly FiT
- Many types of players
- No committed volume

- Auctions replace support schemes
- Decrease of electricity prices
- Forward Selling and longer lead times
- Committed yearly volume
- Increase of Corporate / Bilateral PPAs

- Wind is competitive without support
- Selling of energy in different schemes
- Generation commitments (short-term) and forecasting capabilities
- Large players with generation portfolios

**Key notes**

- The transition from support schemes into auctions drove prices downwards
- The customers’ profiles are changing towards players with a strong balance sheet, large and diversified generating portfolio, and trading capabilities
VALUE CHAIN MOVEMENTS

Responding to market trends

Moving across the value chain is the new normal

Commercial Strategy in place to ensure continuous growth

- EPC
- Co-development
- Auctions
- Hybrids
- KAM
- Transform Commercial Capabilities
- Value Engineering
- Emerging markets

New players in the market, opportunities of new partnerships and new business models
AUCTIONS

Strong share of wins around the world

**YTD auction results**

- **Open**
- **Lost**
- **Vestas exclusivity**

**2018 remaining auction pipeline**

- Mexico 1GW (tech. neutral) COD 2021
- Denmark/Greece 0.3GW COD 2020-21
- Finland 0.6GW COD 2020-21

~ 3 GW

**2019 expected auction pipeline**

~ 24-30 GW*

**Key notes**

- In 2018, Vestas has obtained its fair share in auctions across the world
- Most order intake from auctions in 2018 expected in 2019
- Continued growth of auction scheme, with latest countries announcing auctions: China, Finland, Colombia, and Poland

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Examples:

- Australia
- Argentina
- Bolivia
- Brazil
- Germany
- Russia

*Onshore Wind & Tech Neutral Auctions and Tenders, BNEF Q4’18 calendar
EPC & CO-DEVELOPMENT

Being present across the value chain is crucial

**Strategic**
- Grow revenue: Project revenue increases ~30%
- Support further LCoE reduction

**Support other strategic priorities**
- Co-development
- Solar/hybrid
- Repowering

**Enable more sales**
- De-risking projects for institutional investors by simplifying interfaces
- Standard operating model for various customers in Australia, India, and African markets (South Africa, Jordan, etc.)

### Engineering Procurement and Construction

<table>
<thead>
<tr>
<th>% of Order Intake (MW)</th>
<th>2016</th>
<th>2017</th>
<th>9M 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Orders</td>
<td>96%</td>
<td>92%</td>
<td>90%</td>
</tr>
<tr>
<td>EPC</td>
<td>4%</td>
<td>8%</td>
<td>10%</td>
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</tbody>
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**Co-development**

- Development of own projects to serve customers’ needs
- Capture additional revenue
- +700 MW of firm orders so far
- Successful exits in US, Australia, India, and Spain
HYBRIDS

Capture value in increasingly complex market

Integrated wind, solar and/or storage

Benefits
- Grid stability and utilisation
- Project optimisation

Potential
- Mainly Australia and India
- Growing in other parts of the world

EDPR & Vestas project, Spain
Kennedy project, Australia
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1. Track record and Performance
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4. Summary and Q&A
SUMMARY

1. Market leading performance, maintaining #1 position
2. Price stabilization in 2018
3. Positive outlook for wind energy in short-, mid- and long-term
Q&A
THANK YOU FOR YOUR ATTENTION
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